



KONICA MINOLTA

Sustainability-Linked Bond Framework

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Sustainability-Linked Bond
Framework

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1. Introduction

Since its founding, KONICA MINOLTA, INC. (hereinafter, "Konica Minolta") has continuously refined its core technologies in four areas — imaging, materials, nano-fabrication, and optics — cultivated through its original camera and film business. By integrating these technologies, combining them with AI and data science technologies and collaborating with extensive stakeholders such as our customers, business partners, universities, and research institutions, we will continue to solve the issues faced by our customers and society and create new value.

Konica Minolta has established the following Sustainability-Linked Bond Framework (hereinafter, "this framework"). This framework has been designed to align with the core components of the following principles and guidelines (Selection of KPI¹ / Calibration of SPT² / Bond characteristics / Reporting / Verification).

- ICMA³ Sustainability-Linked Bond Principles 2024
- Ministry of the Environment, Japan Sustainability-Linked Bond Guidelines 2024

This framework can be used to issue Sustainability-Linked Bonds (including Sustainability-Linked Hybrid Bonds, which are a form of subordinated hybrid financing).

Konica Minolta has obtained a Second Party Opinion from Japan Credit Rating Agency, Ltd., an independent external reviewer regarding the alignment of this framework with the principles and guidelines stated above.

¹ KPI: Key Performance Indicators. Indicators to measure the achievement of targets.

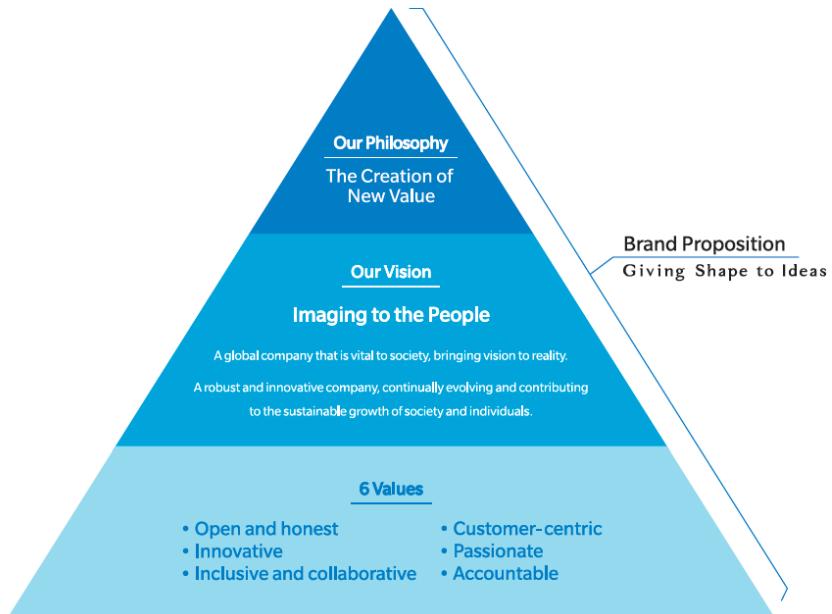
² SPT: Sustainability Performance Targets. The level of achievement for the indicator.

³ ICMA: International Capital Market Association

1.1. Konica Minolta Philosophy

The Konica Minolta Philosophy comprises our Management Philosophy, unchanged since its establishment in 2003, our Management Vision 2030, the 6 Values representing our corporate culture of value creation, and our Brand Proposition.

By continually evolving with its customers through innovation, Konica Minolta contributes to the realization of a sustainable society and continues to take on the challenge of both the growth of its business and the creation of new value for the global environment and all of human society.



1.2. Value Creation Process

We will utilize intangible assets centered on “relationship with customers”, “technology integration”, and “diverse human capital” to create greater value that leads to solutions to social issues by co-creation with customers who are key players in each industry.

In this way, we will build highly profitable businesses and aim to sustainably increase our corporate value.



1.3. Material Issues

We have identified five material issues by envisioning the social issues that will arise in 2030 and clarifying the social value that Konica Minolta should provide in order to solve these issues. These material issues represent themes that can generate particularly high social value by bringing together Konica Minolta's intangible assets. For each of these five material issues, Konica Minolta has defined its Vision for 2030 and clarified the direction of value creation over the medium to long term.

Material Issues	 Improving fulfillment in work and corporate dynamism	 Supporting healthy, high-quality living	 Ensuring social safety and security	 Addressing climate change	 Using limited resources effectively
Industry	Automation and labor-saving of production processes and inspection procedures		Bringing about a safe work environment Quality assurance and market incidents suppression	Reduction of energy and CO ₂ burdens of manufacturing and inspection processes	Reduction of losses in manufacturing and inspection processes Promotion of resource recycling
Digital Workplace	Supplying an environment where anyone can work with anyone anywhere and any time		Ensuring information security in the workplace	Realization of energy- and resource-saving workstyles	
Professional Print	Automated, labor-saving printing processes that reduce the need for skills				Reduction of energy loss in the printing supply chain
Imaging Solutions	Mitigating burden on doctors and nurses	Early detection and diagnosis of diseases	Early detection of accident and work-related injury risks Improving the quality of medical care	Early detection of methane gas leaks and measurement of emission volume	
Vision for 2030					
Impact on the Company's Corporate Value	<ul style="list-style-type: none"> Higher profitability from providing solutions that increase corporate clients' productivity Reduced risk of declining autonomy and innovation through the promotion of diversity 	<ul style="list-style-type: none"> Higher profitability from providing solutions in the fields of healthcare and caregiving 	<ul style="list-style-type: none"> Higher profitability from providing solutions that contribute to social safety Reduced risk of damage to companies and society from major incidents resulting from products and services 	<ul style="list-style-type: none"> Higher profitability from providing solutions that contribute to the decarbonization of corporate clients Prevention of higher energy costs due to delays in decarbonization measures and lost sales opportunities due to delays in responding to customer requirements 	<ul style="list-style-type: none"> Higher profitability from providing solutions that contribute to corporate clients' efficient use of resources Less risk associated with decreased competitiveness and supply instability due to increased resource procurement costs for the Company and delays in switching raw materials

1.4. Sustainability

1.4.1. Basic Approach for Sustainability Management

Konica Minolta has prospered together with society by continuing to provide the new value required in each era, living up to its philosophy, "The Creation of New Value." Helping to build a sustainable society also promotes corporate sustainability. If greater social unrest is triggered by the destruction of the global environment, it will also impact economies and financial systems worldwide. However, by working to solve global environmental and social problems, Konica Minolta can minimize future risks while creating opportunities for growth.

For a company to grow sustainably, it must continually provide new value for human society as well as achieve business growth. To further its own evolution, Konica Minolta is determined to generate innovation to help solve social and environmental issues. By linking this effort to financial performance, Konica Minolta seeks to enhance its corporate value and achieve sustainable growth.

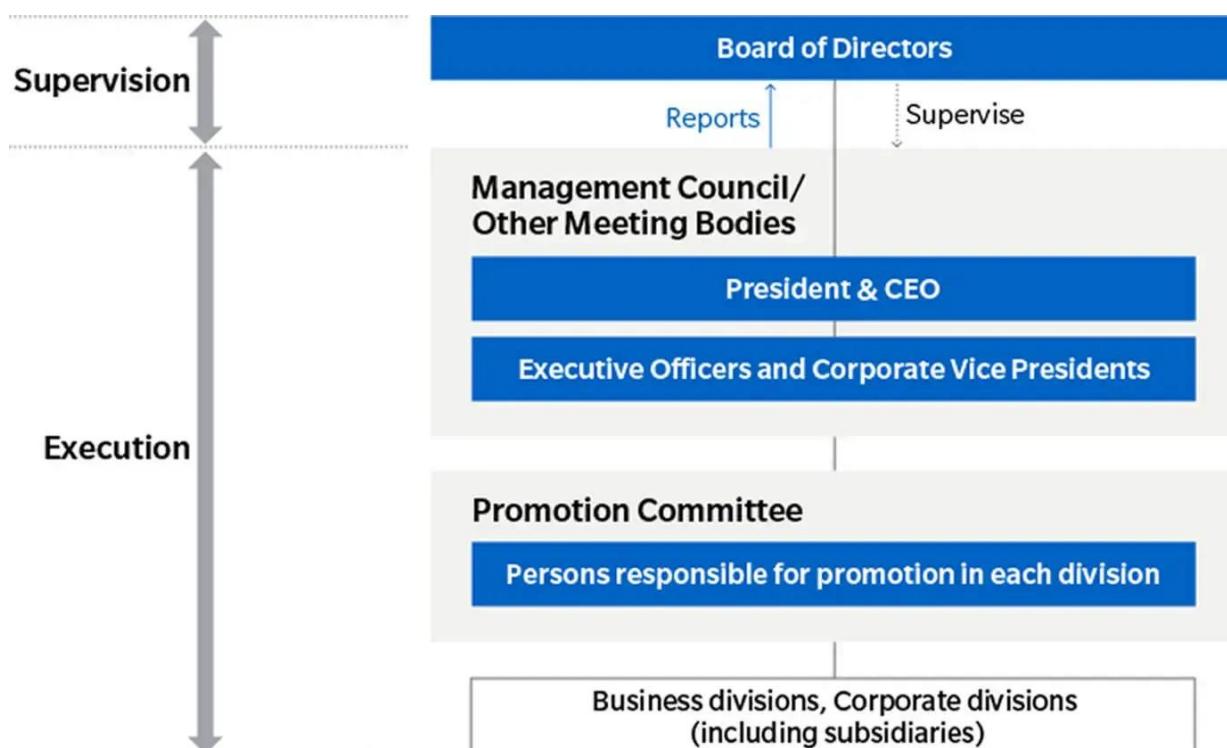


1.4.2. Systems for Sustainability Management

The President and CEO is tasked with the ultimate responsibility and authority for overall sustainability management and is also responsible for its effectiveness. The actual sustainability management activities for the entire Group are promoted by each Group executive for corporate sustainability, under the President. Just like other key management issues, discussions and decisions on key sustainability issues are made at official decision-making bodies such as the Management Council, with the aim of enhancing alignment with management and business strategies.

Each Group executive in charge creates a medium-term management plan for sustainability, which is consolidated into a Company-wide business plan, and approved by the Board of Directors after discussion and approval by the Management Council and other convening bodies as a management plan for the entire Group. In the process of formulating the medium-term management plan, each executive in charge of sustainability, led by the executive in charge of corporate planning, reviews material issues by conducting a rolling review of degree of risk change. After deliberation and approval by the Management Council and other convening bodies, the Board of Directors approves it.

Each executive in charge of sustainability establishes a Promotion Committee as necessary to review and promote the medium-term sustainability plan. For example, in the Group Environmental Promotion Committee, officers in charge of promotion appointed by the heads of the business and corporate divisions participate in deliberations on the medium-term and annual environmental plans, monitor quarterly progress, and examine environmental issues affecting the Group.



1.5. Toward Net Zero CO₂ Emissions by 2050

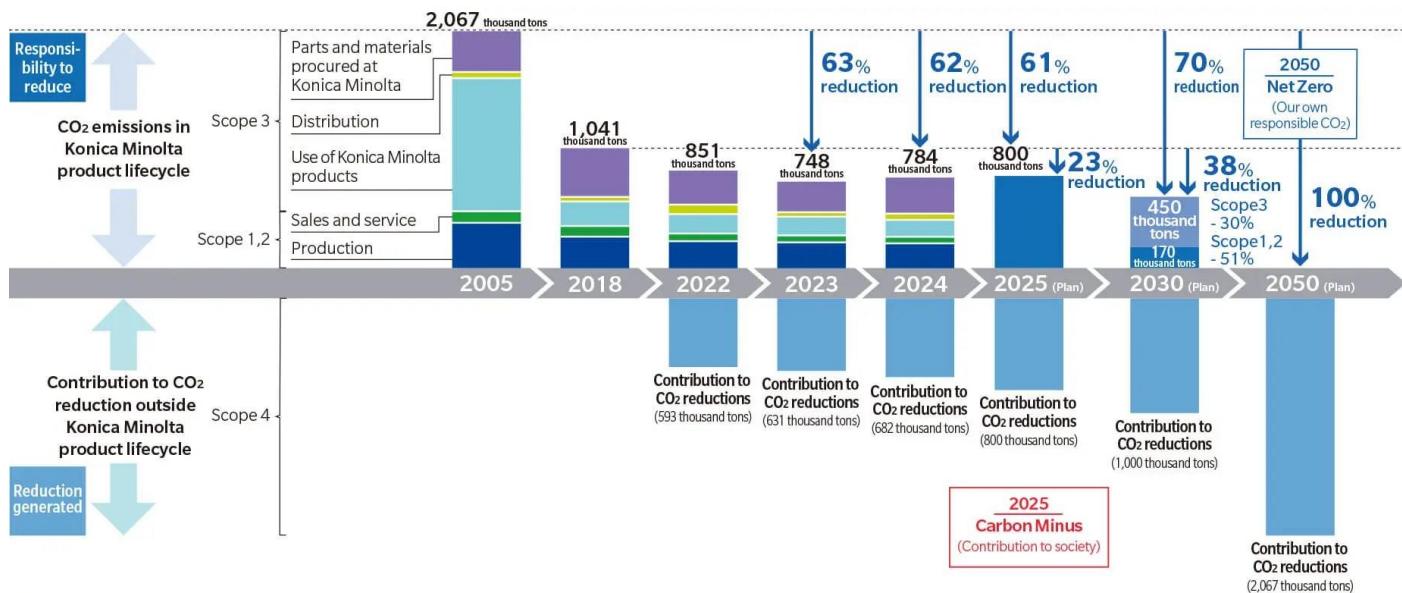
Given the urgency of global environmental issues, global businesses have a great responsibility to help build a more sustainable society by reducing environmental impact. With its long-term environmental vision for 2050, Konica Minolta exemplifies its determination to fulfill its responsibilities and addresses one of the material issues, "addressing climate change," from a long-term perspective.

We aim to achieve net zero CO₂ emissions (Scope 1, 2, and 3) over the Konica Minolta product lifecycle in 2050.

Net-zero refers to reducing greenhouse gas emissions⁴ to effectively zero. Based on the definition established by the Science Based Targets Initiative (hereinafter, SBTi), Konica Minolta will align its business with the goals of a decarbonized society.

To achieve net-zero CO₂ emissions throughout the product lifecycle by 2050, the Company is actively adopting renewable energy and strategically advancing innovations in production processes and energy conversion to reduce energy-derived CO₂ emissions (Scope 1) from fossil fuel use.

We have also taken the lead over our competitors in adopting the unique concept of Carbon Minus and have been working to contribute to CO₂ reductions outside of our own scope of responsibility (Scope 4), with the goal that the amount of reduction will exceed the CO₂ emissions that are within our scope of responsibility. We will achieve Carbon Minus in FY2025 by providing our solutions and technologies to increase our contribution to CO₂ reduction for customers and society.



In FY2024, Konica Minolta updated its targets to make them more effective and ambitious based on the latest climate science, aligning with a 1.5°C emission pathway toward achieving the Paris Agreement, and began tracking its CO₂ emission reduction performance using FY2018 as the base year.

⁴ Among the greenhouse gas emissions of Konica Minolta, emissions other than energy-related CO₂ emissions are negligible. In setting targets in accordance with the SBTi Corporate Net-Zero Standard, we have confirmed this and set targets exclusively for energy-related CO₂ emissions.

2. Disclosure in line with the relevant principles such as Sustainability-Linked Bond Principle

2.1. Selection of KPI

The Sustainability-Linked Bonds issued under this framework will have the following KPI.

KPI	GHG emission reduction rate in Scope 1 and Scope 2
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<Definition>

The reduction rate since FY2018 is calculated based on the total GHG emissions in Scope 1 and Scope 2, which are calculated in a manner that meets both the calculation standard and boundary requirements of the SBTi Corporate Net-Zero Standard.⁵

<Track record>

	FY2018	FY2022	FY2023	FY2024
Total GHG emissions in Scope 1 and Scope 2 (Market standard) (t-CO ₂ e)	330,177 ⁶	274,549	257,180	253,597
GHG emission reduction rate in Scope 1 and Scope 2 (Market standard) (%) (Base year: FY2018)	Base year	16.8	22.1	23.2

Konica Minolta is actively working not only to reduce environmental impact at our own production sites, which corresponds to Scope 1 and 2 reductions, but also to reduce the environmental impact throughout the lifecycle of our products (product use and procurement), which corresponds to Scope 3 reductions.

Amid these efforts, Konica Minolta has also set a FY2030 target for GHG emissions in Scope 3 from purchased goods and services (Category 1), upstream transportation and distribution (part of Category 4), use of sold products (Category 11), end-of-life treatment of sold products (Category 12) and has received approval from the SBTi.

However, regarding GHG emissions in Scope 3, there are challenges beyond our control that make it difficult to accurately reflect our reduction efforts. For example, in Categories 1, 11, and 12, the emission factors to be used are specified by the requirements of the applicable calculation rules, and in Category 4, external factors may cause transportation distances to lengthen.

Therefore, for the Sustainability-Linked Bonds issued under this framework, we have decided to focus on the effects that can be directly achieved through our reduction efforts and set KPI related to emissions in Scope 1 and Scope 2.

Konica Minolta will continue our reduction efforts toward Net Zero by 2050.

⁵ Konica Minolta obtains external assurance for total emissions of Scope 1 and Scope 2. The boundary of the assurance covers all of our production and R&D sites worldwide and all consolidated sales companies worldwide, and the boundary of the KPI defined in this framework falls within this coverage. For example, in FY2024, the performance of the KPI defined in this framework (253,597 t-CO₂e) corresponds to approximately 94.9% of the third-party assured emissions (267,228 t-CO₂e).

Furthermore, from FY2025 onward, we plan to obtain limited external assurance for the performance of the KPI as well.

⁶ The Scope 2 emissions for the base year FY2018, calculated using Konica Minolta Standard, have been assured. On the other hand, the KPI defined in this framework is calculated based on the market-based standard approved by SBTi. From FY2023 onward, emissions calculated based on the market-based standard have also been assured. Both Konica Minolta Standard and the market-based standard calculate by multiplying the amount of energy purchased at each site by emission factors; however, the emission factors used differ between the two standards.

2.2. Calibration of SPT

The Sustainability-Linked Bonds issued under this framework will have the following SPT. And the SBTi has approved the FY2030 target as aligning with a 1.5°C emission pathway.

SPT	The targets for each fiscal year that are consistent with reducing absolute Scope 1 and Scope 2 GHG emissions 51% by FY2030 from a FY2018 base year
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Depending on the maturity of the Sustainability-Linked Bond to be issued, the target for each fiscal year will be calculated by linearly interpolating between the GHG emissions in FY2018 as the base year (track record) and the GHG emissions in FY2030 (a target), and then rounding the percentage to two decimal places.

However, if the targets have been updated at the time of issuance, the more ambitious of the target for each fiscal year calculated by linearly interpolating and the new target (which will be calculated by linearly interpolating depending on the maturity) will be applied.

The target year and the determination date of SPT to be used will be identified in the statutory disclosure documents at the time of issuance.

Even if a situation arises that was not foreseeable at the time of formulating this framework and that may have a significant impact on this framework (M&A activities, significant changes in regulatory or other institutional aspects, or the occurrence of unusual events, etc.), and if it becomes necessary to change the definition and scope of KPI, the setting of SPT or the assumptions, etc., we will revise the SPT after consulting with an external reviewer. The details of the review will also be disclosed on our website.

2.3. Bond characteristics

The characteristics of the Sustainability- Linked Bonds issued under this framework will change depending on the achievement status of the SPT. The details of the changes will be specified in the statutory disclosure documents at the time of issuance, including "step up in interest rate", "step down in interest rate", "donations" or "purchasing emission credits".

In the case of Sustainability-Linked Hybrid Bonds, the determination date of the SPT will be set up to the first optional redemption date.

Step Up Interest Rates

Suppose a third-party verified report stating that the SPT has been achieved is not received by the determination date. In that case, the interest rate will step up at the annual rate specified at the time of issuance from the next day of the interest payment for the interest period beginning after the determination date until the redemption date (or if otherwise specified in the statutory disclosure documents, by the due date).

Step Down Interest Rate

Suppose a third-party verified report stating that the SPT has been achieved is received by the determination date. In that case, the interest rate will step down at the annual rate specified at the time of issuance from the next day of the interest payment for the interest period beginning after the determination date until the redemption date (or if otherwise specified in the statutory disclosure documents, by the due date).

Donations

Suppose a third-party verified report stating that the SPT has been achieved is not received by the determination date. In that case, donations in an amount corresponding to the percentage of the amount raised through Sustainability-Linked Bond issuance, as specified in the statutory disclosure documents will be made to qualified donation recipients by the reimbursement date. Qualified donation recipients are public interest incorporated associations, public interest foundations, general foundations, international organizations, local government-certified non-profit organizations, local governments, national and public university corporations, school corporations, research institutions, and similar organizations related to the improvement of SPT that have not been achieved.

The recipients of the donations will be determined with the necessary approvals prior to the reimbursement date.

Purchasing emission credits

Suppose a third-party verified report stating that the SPT has been achieved is not received by the determination date. In that case, we will purchase emission credits (credits of CO₂ reduction value) in an amount corresponding to the percentage of the amount raised through Sustainability-Linked Bond issuance, as specified in the statutory disclosure documents by the reimbursement date.

2.4. Reporting

Konica Minolta will report on the following items on our website. The reporting period is the fiscal year preceding the fiscal year to which the reporting date belongs.

Reporting items	Reporting Frequency
Performance of the KPI	Annually until the final determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Bond
Information that may affect the achievement status of the SPT	Timely
If the SPT has not been reached and "donations" or "purchasing emission credits" have been made, the implementation status will be reported. In the case of "donations", the amount and recipients will be included.	

2.5. Verification

Until the determination date is reached, Konica Minolta will obtain verification of the KPI performance from an independent third party on an annual basis and disclose the results on our website.